Saskatchewan Opportunities Corporation

ANNUAL REPORT

Two Thousand and Fourteen

LETTER OF TRANSMITTAL

March 31, 2015

To Her Honour
The Honourable Vaughn Solomon Schofield, S.O.M., S.V.M.,
Lieutenant Governor of Saskatchewan

Dear Madam:

I have the honour to submit the Annual Report of Saskatchewan Opportunities Corporation for the year ended December 31, 2014, including the financial statements duly certified in accordance with *The Saskatchewan Opportunities Corporation Act*.

Respectfully submitted,

Don McMorris
Minister Responsible for Saskatchewan Opportunities Corporation

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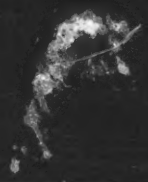


The pond in the Galleria Bowl in Saskatoon.

{on the cover} The Terrace building in Regina.

A MESSAGE TO OUR STAKEHOLDERS

From President & CEO S.P. (Van) Isman and Chair of the Board Carol Skelton

A year ago we described 2013 as having been a year of change for Innovation Place. If that was the case for 2013, then this past year, 2014, was a year of new beginnings.

Our Board of Directors set new direction for the corporation on a number of fronts, particularly as it relates to our strategic direction. Based on direction provided to the Interim President and CEO in late 2013, a consultation process was launched to commence the review of our strategic direction. Equipped with information gathered from more than one hundred key stakeholders as well as a thorough polling of our Board members individually, a facilitator led the Board through a strategic assessment of the corporation's strengths, weaknesses, opportunities and threats. Based on this detailed analysis, an ad hoc Committee of the Board was formed to shape these findings into the new strategic direction of the corporation. The ad hoc Committee met through the summer and in August the Board approved the corporation's new strategic direction. Subsequent to this, the President and CEO presented the new strategic direction to each department in the corporation, which proved to be well received by our employees. There is a strong alignment between our Board and employees on the future direction of Innovation Place.

Along the walk to Boffins Public House in Saskatoon.

1 The stakeholders providing input represented a broad range of key partners, including economic development agencies, the private sector, tenants, our post-secondary education partners and government agencies. In addition, approximately 30 employees of the Corporation provided input.

The revised guiding strategic statements for the corporation appear in the following section of this document; however, we want to bring your attention to five guiding strategic pillars developed through the strategic planning process. These pillars set context for the corporation and provide our employees with an understanding of the priorities of our Board. These are:

- An enhanced emphasis on development of Saskatchewan's technology sector, particularly in relation to new business development.
- While SOCO has done an excellent job in developing the Innovation Place brand, we will now focus our attention on developing a comprehensive communication strategy, which will set the tone for communication and collaboration with our stakeholders.
- We will take advantage of the opportunities arising from the priority areas of research which our two universities are involved. Further, we will actively pursue such opportunities with other potential partners. This will include a prospecting and business development function for the corporation.
- While Innovation Place has a culture of continuous improvement and has taken a number of steps to improve efficiencies, we will continue this effort and will seek other opportunities to find improvement opportunities both for our facilities and processes.
- In our recruitment and retention efforts, Innovation Place has focused on pursuing a cluster approach to tenancies. That is, each park has certain key industrial clusters around which tenants have been recruited. The Corporation will continue this approach to ensure that future tenants are germane and relevant to the targeted clusters in each park.

However, our new beginning extends beyond a renewed strategic direction. In late March, Van Isman was confirmed as the permanent President and CEO of our corporation; and in November, Brent Sukenik was appointed CFO.

This past year saw the transition of the Bio Processing Centre from being an Innovation Place operated business to a subsidiary of *POS Bio Sciences*. This was an important strategic move for both corporations, allowing each to focus their efforts on their mandated purposes: POS added capacity in alcohol extraction batch processing; and, Innovation Place got out of the custom processing business. All Innovatiort Place employees working at the Bio Processing Centre were provided with offers of employment with the POS subsidiary.

In 2014 Innovation Place opened its new Co-Working Space in the Concourse building. Rather than working on a space rental basis, the Co-Working Space sells monthly memberships. The Co-Working Space focuses on providing a collaborative space for application developers. We were pleased to partner with SaskTel, who have provided the Co-Working Space with a "sandbox" of the latest smart phones and tablets, thereby allowing Co-Working Space members to test their applications on a variety of technology platforms. One of our members, *Skip the Dishes*, does their software development work at the Co-Working Space. *Skip the Dishes* won the i3 Idea Challenge in 2014, and placed second in the Tech Venture Challenge. Operating in Ontario, Manitoba, Saskatchewan and Alberta, *Skip the Dishes* is the largest food delivery network in Canada.

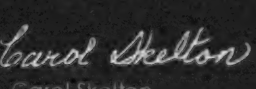
2014 was also a notable year for many of our tenants. To mention just a couple:

- *TinyEYE Therapy Services* continued to expand its on-line offerings. From its technology hub at Innovation Place in Saskatoon, *TinyEYE* now employs or contracts the services of more than 100 Speech Pathologists throughout North America. Delivering services predominately in rural and remote areas, utilizing technology, *TinyEYE* is now providing speech therapy sessions to thousands of children every week in twelve countries. Before *TinyEYE*, these therapy services were largely unavailable for these children.
- *GB Internet Solutions* has moved beyond its genesis as a website which tracked competitive gas prices in Regina. Today, *GB* is the leading providers of retail gas price information throughout North America. Its mobile phone applications have been downloaded more than 40 million times. Building on its ability to handle large volumes of time sensitive data, today, *GB* is using extensive data mining techniques to provide current market information in a competitive industry.

SOCO's dedication to developing and operating environmentally friendly facilities was recognized in 2014 by BOMA, the Building Owners and Managers Association. BOMA's Earth Award, which recognizes excellence in resource preservation and environmentally sound commercial building management, was awarded to 2 Research Drive at Innovation Place in Regina. In addition, Innovation Place buildings were awarded best in class in two of the four BOMA BESt (Building Environmental Standards) classes. 121 Research Drive in Saskatoon was BESt in Class in Level 4 buildings; and, the BESt in Class for Level 3 buildings was a tie between three of our buildings (Terrace building in Regina, Concourse building in Saskatoon and the Forest Centre building in Prince Albert). Sustainability is not a special initiative at Innovation Place, it is an integral part of how we do business!

Lastly, it is with a high degree of pride that we advise you that for the fifth consecutive year, Innovation Place has been named one of the Best Small and Medium Employers in Canada! This prestigious distinction, awarded by AON Hewitt and the Queen's University School of Business, reflects the engaged, committed and dedicated group of employees that work for our company. We're very fortunate to have this tremendous group of productive and conscientious employees delivering service to our tenants.

We are proud of our collective accomplishments in 2014, and we're excited about our future!



Carol Skelton
Chair of the Board

S.P. (Van) Isman
President & Chief Executive Officer

2015
Best Small and Medium Employers in Canada
By Aon Hewitt and Queen's School of Business

Section One

STRATEGIC DIRECTION

Vision. Mission. Mandate.
Values. Goals.

Crown Investments Corporation has provided all Crown corporations with an outline of the government's policy objectives and priorities. It has also set out the mandated categories for each corporation's balanced scorecard. The Board has provided further direction to management through their approval of a corporate vision, values and broad goals specific to Saskatchewan Opportunities Corporation (SOCO). The Business Strategy contained in this document is subject to annual review and monitoring by the SOCO Board.

In October 2013, the Board of Directors expressed a desire to see the corporation review and revise its strategic direction. Management held an extensive number of consultation sessions which led to the Board holding a strategic planning session in May 2014, which then resulted in a new set of guiding strategic statements being adopted by the Board in August. The revised strategic statements have been incorporated throughout this document, as has the direction which these set us in.

VISION

Through partnerships and collaboration, SOCO is providing the foundation for innovation, research and technology that supports Saskatchewan's economic prosperity.

This is a new vision for SOCO. While the vision clearly notes that SOCO will achieve such an outcome through partnerships and collaboration, the focus of the vision is one of enabling innovation, research and technology which will support Saskatchewan's economic prosperity into the future.

SOCO's previous vision spoke to excellence. This has not been lost and is captured in both the corporation's values and our goals.

MISSION

To support and facilitate the advancement and success of Saskatchewan's technology and key growth sectors through the development and operation of research parks.

MANDATE

The object and purpose of the corporation is to create, encourage and facilitate business opportunities in the Saskatchewan technology sector, primarily through the development and operation of technology parks.

VALUES

SOCO fully subscribes to the crown sector values of honesty, integrity, fairness and respect, and social and environmental responsibility. In addition, the following values have naturally grown within SOCO and differentiate us from others in our industry.

Innovation

Leadership in the introduction of new solutions in design, operations and sustainability.

Collaboration

Open and accountable in all our partnerships.

Excellence

The pursuit of quality beyond competence and efficiency to create an attractive and livable work environment for our tenants.

GOALS

Crown Investments Corporation provides all Crown corporations with clear direction for establishing corporate goals. Goals are required to be set in the four categories of Public Purpose, Stakeholders, Financial, and Innovation. SOCO's broad corporate goals reflect the mandate and history of the parks.

Public Purpose

To create awareness, attract and support the development of new technology opportunities by providing world class scientific and social infrastructure that promotes collaboration, growth and innovation.

To measure our success we set targets for:

- Employment growth within Innovation Place
- Independent analysis of the economic impact of Innovation Place tenants
- Number of tenants locating from outside the province
- Number of new startup companies locating at Innovation Place
- Inventory available to meet demand

Stakeholders

To enhance innovation and partnerships thereby allowing engagement of stakeholders to achieve their goals and objectives. SOCO recognizes our key stakeholders include: tenants, post-secondary education institutions, industry associations, business communities, government and our employees.

To measure our success we set targets for:

- Percentage of general public aware of and have a positive opinion of Innovation Place
- Percentage of CEOs that would recommend Innovation Place to another organization
- Percentage of employees fully engaged in their work
- Average training days per employee
- Percentage of employees agreeing that individual differences of gender, race, ethnicity, sexual orientation, religion or age do not affect the way people are treated at Innovation Place

Financial

Maintain profitability at a level that supports the success of our parks by prudently managing expenditures and enhancing revenues while providing superior value to our tenants.

To measure our success we set targets for:

- Cash return as a percentage of cost of assets
- Vacancy as a percentage of total space inventory
- Debt as compared to equity
- Corporate administration as a percentage of revenue
- Building operating cash flow per square foot

Innovation

SOCO will promote and utilize innovation practices to empower our stakeholders to stimulate high performing commercial successes.

To measure our success we set targets for:

- Attain 'BOMA BEST' average points per building
- Building condition score

2 Research Drive in Regina.

MANAGEMENT'S DISCUSSION AND ANALYSIS

INTRODUCTION

The following management discussion and analysis for Saskatchewan Opportunities Corporation (SOCO) should be read in conjunction with the audited consolidated financial statements and notes to those statements for the year ended December 31, 2014. What follows will provide the context within which the corporation's financial statements should be analyzed.

FORWARD LOOKING INFORMATION

This discussion includes forward looking statements about SOCO's corporate direction and financial objectives. Due to the risks and uncertainties inherent in any forecast, the actual results could differ materially from those anticipated.

CORPORATE OVERVIEW

SOCO operates under the business name Innovation Place. The corporate mission is to support the growth and success of Saskatchewan's technology sector. Innovation Place fulfills this mission through the development and operation of technology parks on the campuses of the province's two universities in Saskatoon and Regina, as well as a forest sector building in downtown Prince Albert.

The Saskatoon campus began operations in 1980 and presently is home to 115 tenants that occupy approximately 1.2 million square feet in 17 separate buildings. The Regina campus, opened in 2000, consists of 5 buildings housing 29 tenants and totaling approximately 465,000 square feet. The building in Prince Albert, opened in 2004, is 90,000 square feet and houses 22 tenants. The number of people working in Innovation Place facilities is approximately 4,300 in the three locations.

Innovation Place has 22 highly specialized growth chambers for sprouting and growing seedlings.

Core Business

Innovation Place manages specialized buildings primarily for technology companies and the service organizations that support them. Building specialization includes research greenhouses, laboratory buildings and industrial pilot plants. Specialized infrastructure includes laboratory utilities such as pure water and steam, process utilities such as high pressure steam and chilled water as well as a high performance data network.

Revenue is generated from leasing space in these buildings to a wide range of tenants that support each other's success. A typical lease arrangement would include a five year term with fixed revenue, adjusted annually for any increase in operating costs. Historic vacancy within buildings is approximately five percent. Major categories of operating costs include utilities, municipal property taxes, building and grounds maintenance and corporate administration. In general, both revenue and expenses are not subject to rapid change. Profitability is tightly linked to local real estate market conditions.

Bio Processing Centre

Innovation Place operated the Bio Processing Centre, a contract processing centre in Saskatoon, for the first three months of 2014. The Bio Processing Centre extracts high value compounds from plant material, primarily for cosmetic and specialized food purposes.

On April 1, 2014, the facility was leased to and the equipment / inventory was purchased by a third party. The third party also employed several Innovation Place employees.

Organization

The corporation is organized into three divisions: President's Office, Finance and Administration and Operations.

The President's Office is responsible for stakeholder relationships and has the following two departments reporting directly:

- Boffins Food Services is responsible for the food and beverage services provided for tenants at Innovation Place in Saskatoon; and
- Brand Management is responsible for in-house creative services and corporate communication.

The Finance and Administration division includes four departments:

- Finance and Administration is responsible for strategic planning, risk management, policy development and records management;
- Finance is responsible for accounting, financial reporting and internal controls;
- Information Technology is responsible for corporate IT as well as the park-wide network; and
- Human Resources is responsible for compensation and benefits, talent management and is an advisor to the rest of the corporation on engagement and culture.

The Operations division includes three departments:

- Technical Operations is responsible for maintenance of buildings, the delivery of certain technical services to tenants and the operation of a central heating and cooling plant in Saskatoon;
- Client Relations is responsible for long term market development, leasing, tenant relations and lease administration and the management of tenant improvements in Saskatoon; and
- Project Management is responsible for the management of construction projects, asset management and commissioning and recommissioning.

In a typical year, the boilers at Innovation Place in Saskatoon produce enough energy to heat the equivalent of 1,390 average Canadian homes for a year. At full capacity, the boilers would produce enough energy to heat the equivalent of 1,772 average Canadian homes for a year.

Strategy

The object and purpose of the SOCO is to create, encourage and facilitate business opportunities in the Saskatchewan technology sector. SOCO does this primarily through the development and operation of technology parks under the business name of Innovation Place. Research parks are by "*their nature real estate developments, the profitability and expansion of real estate holdings is a minor consideration compared to the focus on leveraging the real estate for broader innovation and economic development goals in the region.*"[1] Therefore, Innovation Place distinguishes itself from real estate firms by implementing strategies that are different from a standard real estate company to broaden the Saskatchewan technology sector and support the growth of tenants.

We have a number of rare trees on site in Saskatoon, such as Ginkgo biloba (only one in the city), Limber Pine and prairie silk honey locust (less than 10 in the city).

What sets Innovation Place apart from real estate companies is the comprehensive nature of the working environment we provide our tenants and their employees. We believe that our environment must integrate five key aspects: the tenants and clusters; the technical environment; the social environment; the physical environment; and the business environment. A diverse mix of tenants, technology and service tenants, a dynamic social atmosphere and high quality facilities work together to create a community that encourages interaction, collaboration and success.

Tenants and Clusters

Tenant diversity is achieved by bringing together private and public, large and small, local and international organizations. The 2012 Survey of North American Research Parks concludes that "*. . . a broad base of employment is found across university research parks.*"[2] Innovation Place is aligned with this statement as 66% of our tenants are private sector corporations, 15% of government organizations, 7% are University related tenants and 12% are other organizations such as non profit organizations and services organizations.

An appropriate tenant mix is ensured by the approval process for prospective tenants. The Regina and Saskatoon parks each have an independent Management Advisory Committee comprised of representatives from the local business community, university and municipal government; these committees review and approve all tenants that locate within park facilities.

1. Battelle Technology Partnership Practice, *Driving Regional Innovation and Growth: Results from the 2012 Survey of North American University Research Parks*, August 2013: 8.

2. Battelle Technology Partnership Practice, *Driving Regional Innovation and Growth: Results from the 2012 Survey of North American University Research Parks*, August 2013: 17.

Regina Management Advisory Committee

David Malloy
Vice President, Research
University of Regina

Michael Monea
President, Carbon Capture & Storage Initiatives
SaskPower

Nelson Wagner
Associate Vice President, Facilities Management
University of Regina

Wayne Clifton
President
Clifton & Associates

John Lee
President and CEO
Regina Regional Opportunities Commission

Jim Nicol
Chief Legislative Officer & City Clerk
City of Regina

Larry Hiles
Chair
TEC (The Executive Committee) Canada

Saskatoon Management Advisory Committee

Karen Chad
Vice President, Research
University of Saskatchewan

Greg Fowler
Vice President, Finance and Resources
University of Saskatchewan

Laurier Schramm
President and CEO
Saskatchewan Research Council

Murray Totland
City Manager
City of Saskatoon

John Cross
Past President
Philom Bios Inc.

Pamela Haidenger-Bains
Past Vice President, Legal and Regulatory Affairs
Phenomenome Discoveries Inc.

The primary target for tenants is Saskatchewan based, private technology companies. These companies are judged by management to have the greatest opportunity for employment growth and will display the strongest ongoing loyalty to Innovation Place and the province. Secondary targets include business and technical service organizations, research institutes and national and international technology companies.

Clusters of similar organizations are important to technology parks and have played an important role in the success of Innovation Place. Networks developed between organizations and the individuals within those organizations speed the sharing of ideas and information. Industry specific clusters, such as agriculture, share the greatest common interest and collaborate more actively. In Saskatoon the largest clusters are in agriculture and life sciences and mining technology with a smaller but vibrant information technology cluster as well. In Regina the largest clusters are energy and the environment, and information technology.

Innovation Place facilities have over 68,000 sq ft of specialized laboratory rental space and another 125,000 sq ft of integrated office and laboratory space for rent.

Technical Environment

Our tenants have access to a wide range of technical services primarily provided by other tenants in our parks. These include contract research and engineering, analytical laboratories and contract processing. Our own employees supplement these services by offering specialized maintenance, prototype development and electronic monitoring of access systems, building systems and tenant equipment.

Three of the seven Leadership in Energy Environmental Design (LEED®) Gold Certified buildings in Saskatchewan are owned and managed by Innovation Place.

The park network infrastructure differs from a typical office building as both Saskatoon and Regina have multiple paths to the Internet. Bandwidth is allotted to each tenant based on square footage leased and varies from 20Mbps – 100Mbps synchronous service. All equipment providing internet service is on generator provisioned backup power.

The facilities themselves contribute to the technical environment. Our buildings provide tenants with specialized capabilities needed for sophisticated science and technology activities. Mechanical systems provide the air, water and steam in qualities and quantities that far exceed what is normally available commercially. In addition to high quality office buildings we provide research greenhouse space, growth rooms and a variety of laboratory buildings. The park's infrastructure includes high speed internet access not readily available in other locations. Certain process utilities such as high pressure steam, reverse osmosis water and chilled water for process purposes are distributed on a park wide basis. Other specialized utilities include biological waste treatment systems. Basic building maintenance and the responsiveness to maintenance emergencies is provided by skilled on site employees with response times intended to be a model for the industry.

A commitment to sustainable development, evidenced by Leadership in Energy and Environmental Design (LEED®) certification of buildings and BOMA BESt certification of building operations, contributes to our reputation. Active participation in industry associations and the resulting recognition add credibility to the Innovation Place brand.

Social Environment

The interaction of tenants, important for productive collaboration, is enabled through active programming including the organization of social events, business seminars, sports leagues and tournaments, fitness facilities, food services, games rooms, yoga and pilates classes. In 2014, Innovation Place organized and hosted approximately 120 education, training and networking programs for our tenants. These covered a broad range of topics for tenants involved in all sectors.

The design of buildings and grounds incorporate public spaces that attract employees during the work day and offer multiple opportunities for informal interaction.

Innovation Place has over 15,000 square feet of dedicated amenity space to support our collaboration goals with our tenants.

Food services also act as focal points for employee interaction. A weekly electronic newsletter distributed to all tenants provides information on tenant activity, campus events and individual or organizational successes.

Through these various techniques management supports a sense of community within the campuses that removes barriers to collaboration.

Physical Environment

The physical environment of our campuses serves an important role as well. Attractive buildings and grounds are intended to provide a credible platform for tenants as they market themselves and their products. Our facilities use the most advanced building systems and the newest green technologies reinforcing our corporate image of innovation and leadership.

The quality of our campuses is also critical in our attempts to attract new tenants and maintain the loyalty of those existing tenants.

Recruitment of new employees, in many cases from locations around the world, is critical to our tenants' success.

Business Environment

We build unique business relationships with each of our tenants. Business is driven by the view that we are partners with our tenants and we can only truly succeed if they succeed, as such we work to ensure tenants stay in business.

Marketing objectives are somewhat non traditional due to the fact that a tenant's potential for future growth is as important as their present size. The impact they will have on attracting other tenants can be critical. Potential tenants that are not interested in locating in the parks immediately, but may be in the future, are also important.

Marketing strategy is primarily based on the quality of the environment available to tenants and the reputation of the parks locally and internationally. Traditional advertising and promotion are not used to market the parks. Relationships with provincial and municipal economic development agencies extend the marketing reach of the parks beyond the borders of the province. Park tenants are used as ambassadors for the parks to capitalize on their international science contacts.

Innovation Place staff negotiated and closed 140 lease agreements in 2014, totaling over 377,000 square feet.

The lease terms available to tenants are flexible. We take into account the stage of development of a young company and the financial realities encountered by technology startup companies.

We take the long term risk on the investment in our specialized buildings while remaining willing to enter into short term lease arrangements with tenants. As a rule we design and construct the specific leasehold improvements needed by individual tenants and incorporate a return on those capital costs into our lease rates. We help tenants reduce costs through economies of scale by constantly seeking out services or capital investments that can be shared by multiple tenants.

The way in which we price our product is important to maximizing both our financial returns and the extent to which we fulfill our mandate. In general we charge a premium over comparable space where such comparisons are possible, for example office space. The premium is justified by the quality of the product and the value the location provides to tenants.

We do, however, need to provide a great deal of flexibility in the way we price space for early stage companies that aren't yet in a position to afford premium space. Supporting these companies is fundamental to fulfilling our mandate and on the practical side they represent the potential to become the major park tenants of the future.

Historically, flexibility has included low initial rates with escalations as the tenants grow and begin to generate more revenue or attract more investment. In some cases rents can also be based on the level of sales achieved by the tenant. As they grow, our income grows.

CAPABILITY TO DELIVER SUCCESS

Rental Space Inventory

Management will continue to evaluate all means by which Innovation Place can support the success of existing and appropriate future tenants. All tenants are reviewed from the perspective of their strategic importance to the core technology clusters within the Saskatoon and Regina campuses. Tenants that do not add value to their respective campus clusters are encouraged to relocate to other space within the cities.

Financial

Based on current performance Innovation Place has the financial resources to meet all the capital investment requirements to maintain existing buildings at their present high level of quality. The financial resources are also available to support the leasing of the remaining vacant space.

Human Resources

Innovation Place has been named one of Canada's Top 50 Small and Medium Employers according to AON Hewitt and Queen's University School of Business for five consecutive years.

At the present level, Innovation Place employees have the capacity to manage all of the operating and development requirements of the company. Executive management is experienced with the two Vice Presidents having a combined experience of over 26 years with Innovation Place. The average age of employees is consistent with the average age of the Saskatchewan workforce. The age of employees throughout the corporation is relatively evenly distributed with slightly higher numbers in the late twenties and early forties age brackets.

Senior leaders in the technical areas of Finance and Administration and the Project Management department have appropriate professional designations. Technical employees have trade certification or equivalent certification related to their jobs. Most senior Property Management and Marketing employees have appropriate industry designations or are enrolled in a designation training program.

Employees have been active in industry associations serving at various times as President of the Building Owners and Managers Association (BOMA) Canada, member of the BOMA international board, and President of the Real Estate Institute of Saskatchewan.

On average, Innovation Place employees received 7 days of training in 2014 focussed on improving professional, technical and safety capabilities.

Innovation Place employees work within a strong and supportive policy framework that requires employees to sign off on an annual declaration of compliance with the following policies: Code of Conduct, Confidentially and Non-Disclosure, Conflict of interest, Harassment, Whistleblower, Health and Safety, Privacy, Theft, Fraud and Other Losses, Visa Business Card and Information Technology.

Technical Resources

Innovation Place uses various systems to operate the business. The property management, accounting system and various others have the capacity to meet foreseeable growth. The management of the corporate and park network is handled in-house by the Information Technology department. The corporate network and systems are backed up daily and recovery is regularly tested.

The park network infrastructure differs from a typical office building as both Saskatoon and Regina have multiple paths to the internet. Bandwidth is allotted to each tenant based on square footage leased and varies from 20Mbps – 100Mbps synchronous service. All equipment providing internet service is on generator provisioned backup power.

All building management and control systems are monitored 24 hours a day by Innovation Place employees. These state of the art systems ensure employee comfort while maximizing the efficient operation of buildings. Building access systems are also monitored 24 hours a day by Innovation Place employees. All tenant suites and building exterior doors are monitored by the electronic access system at all three locations. Technical Operations staff follow International Organization for Standardization (ISO) 9000 criteria to manage the maintenance function and ensure high quality results while consistently meeting tenant requirements. An automated scheduled maintenance program is used to ensure preventive maintenance is carried out in a timely manner. Innovation Place provides employees with a vast array of quality tools, equipment and facilities to maintain our assets and perform maintenance on tenant equipment.

The Saskatoon and Regina parks had 100% uptime of internet services in 2014.

BALANCED SCORECARD RESULTS

Crown Investments Corporation provides all Crown corporations with clear direction for establishing long term planning. Corporate objectives, measures and targets are established for the required categories of Public Purpose, Stakeholders, Financial and Innovation. The Balanced Scorecard is used to measure and report performance and results for these goals.

Indicator Legend

Indicator lights are used to illustrate Balanced Scorecard performance.

●	Exceeded target by 20% or greater
●	On target
●	Slightly off target by up to 20%
●	Off target by greater than 20%

The Concourse building in Saskatoon.

Public Purpose

To create awareness, attract and support the development of new technology opportunities by providing world class scientific and social infrastructure that promotes collaboration, growth and innovation.

Job Creation

1 Employment growth within Innovation Place	
2013 Actual	(354)
2014 Target	(191)
2014 Actual	**(797)**
2015 Target	(145)
2016	222
2017	167

The cooling plant at Innovation Place in Saskatoon has the capacity to produce over 3,000 tons of cooling. This is enough to make 1,360 kilograms (3,000 pounds) of ice per hour.

The mandate of Innovation Place is to support the growth of the technology sector. As such, the increase in employees (i.e. jobs created) in the parks is a good indicator of tenants success and the direct impact the parks have on the technology sector.

However, without new development in the parks, the number of employees able to work in the parks is finite. Current conditions suggest that Innovation Place would be at it's employee capacity with approximately 5,300 to 5,500 employees. This limited capacity has resulted in Innovation Place being unable to meet the growth needs of some tenants resulting in some tenants vacating and others planning to vacate. The result is a decrease in employment growth for a second year in a row.

The advantage to tenants leaving the park is that Management can take the opportunity to accommodate the growth of remaining tenants and bring new tenants into the parks. The disadvantage is the potential erosion of existing clusters (depending on which tenants leave) making the parks less effective as the clusters will be smaller resulting in less networking and synergy opportunities.

During 2014, there was a decrease of 797 employees at Innovation Place as compared to the number of employees at the end of 2013. Approximately 500 of these employees worked for government agencies or government related agencies that vacated in Saskatoon and Regina during 2014. A reduction of employees in this sector makes space available for non-government tenants, in particular technology related companies. This is in keeping with our focus on being more selective in terms of tenants we attempt to retain and attract.

2 Independent analysis of the economic impact of Innovation Place tenants	
2013 Actual	[Restated] $1,030M
2014 Target	$1,085M
2014 Actual	**$831M**
2015 Target	$863M
2016	$907M
2017	$941M

It is management's belief that the impact of our tenants on the provincial economy is the most important measure of our success in meeting our mandate as the growth in tenant's payroll and direct purchases represents growth of the technology sector.

The annual survey of tenants asks for the net local payroll of the tenants and the total local and provincial purchases made by tenants. Using an economic model developed at the University of Saskatchewan, these direct outlays are used to reflect the value of employee benefits and the direct impact of those purchases.

The 2014 survey results indicate the total provincial economic impact of Innovation Place tenants declined to $831 million. Two contributing factors affecting this measure are money spent on payroll and the total value of goods and services purchased by our tenants. The survey results found that money spent on payroll actually increased in both Saskatoon and Prince Albert during 2014 and decreased in Regina. During 2014 the total value of goods and services purchased decreased significantly in both Saskatoon and Regina but increased in Prince Albert.

121 Research Drive in Saskatoon.

3 Number of tenants locating from outside the province	
2013 Actual	0
2014 Target	3
2014 Actual	**3**
2015 Target	4
2016	4
2017	4

Companies establishing new facilities in Saskatchewan clearly bring new economic activity to the Province. In 2014 there were 3 new tenants from outside the province occupying space at Innovation Place. During the past seven years 22 private companies from outside Saskatchewan have established a presence in Innovation Place.

During 2014 six new start-up and three new out of province companies occupied space at Innovation Place.

Innovation Place does not typically market aggressively to companies outside the province; however, we collaborate with industry organizations to build international awareness. We work closely with other organizations such as the Saskatchewan Trade and Export Partnership (STEP), Ag-West Bio Inc. and the Saskatoon and Regina regional economic development agencies to expand our reach beyond Saskatchewan's borders.

A partnership was formalized with the Saskatoon Regional Economic Development Authority (SREDA) for their investment mission in the United Kingdom and is intended to foster relationships between companies based at Innovation Place and UK science and research parks. Innovation Place has also been working with the Canadian chapter of the Association of University Research Parks (AURP) on their Foreign Direct Investment initiative to market Canadian research parks to foreign companies and investors. Federal government funding of $125,000 was announced by Western Economic Diversification in early 2015.

4 Number of new startup companies locating at Innovation Place	
2013 Actual	10
2014 Target	6
2014 Actual	**6**
2015 Target	10
2016	10
2017	10

The current mandate of Innovation Place is to promote the growth of the technology sector. As such, local companies involved in technology are our primary target market. They are the most prone to grow and stay in Saskatchewan. Encouraging the establishment of new companies increases the potential for corporate successes that can dramatically impact the economy.

Management actively markets within the province to inform and attract startup companies to Innovation Place. Innovation Place has supported the establishment of 62 new private sector startup companies since 2007.

The tenants in Saskatoon and Regina benefit from a redundant path to the internet.

To further support this objective a new Co-Working Space was opened in Saskatoon in 2014. The target market for this space is startup companies and application developers who need a professional work environment. In 2014 Innovation Place again sponsored the Saskatchewan Business Challenge (formerly Progress2Capital) and the Tech Venture Challenge in collaboration with the University of Saskatchewan and economic development agencies.

5 Inventory available to meet demand	
2013 Actual	29.96%
2014 Target	30.5%
2014 Actual	**74.07%**
2015 Target	43.5%
2016	25.1%
2017	14.3%

Vacancy rates alone do not provide management enough information to make informed decisions. To manage inventory and ensure we are properly positioned to meet our mandate to support the growth of the technology sector, we look to the relationship between demand and supply. Specifically, this measure tells us what percentage of demand we are able to accommodate with our vacant space.

With the current vacancy of 128,000 square feet and an estimated demand level of 172,000 square feet, we can fill approximately 74% of our demand. Vacancy levels have provided an opportunity for the growth of existing tenants to meet their demand and therefore reduce their requirements from the demand list. Although the higher percentage does provide the opportunity to fill more demand, it is at the expense of a few significant tenants who vacated during 2014. We would have liked to retain these tenants in the parks, but could not due to limited space available to meet their needs.

Innovation Place has almost 40,000 square feet of pilot plant space rented to tenants.

We anticipate this trend continuing in 2015 while space is being held for existing tenant relocations and expansions causing fluctuations in vacancy and demand as leasing decisions are made. In addition, we anticipate lower demand from companies in the resource sectors caused by softer market conditions. The long term future looks promising however, as our recent CEO survey reflected that almost 44% of our existing tenant respondents have plans to expand within the next three years.

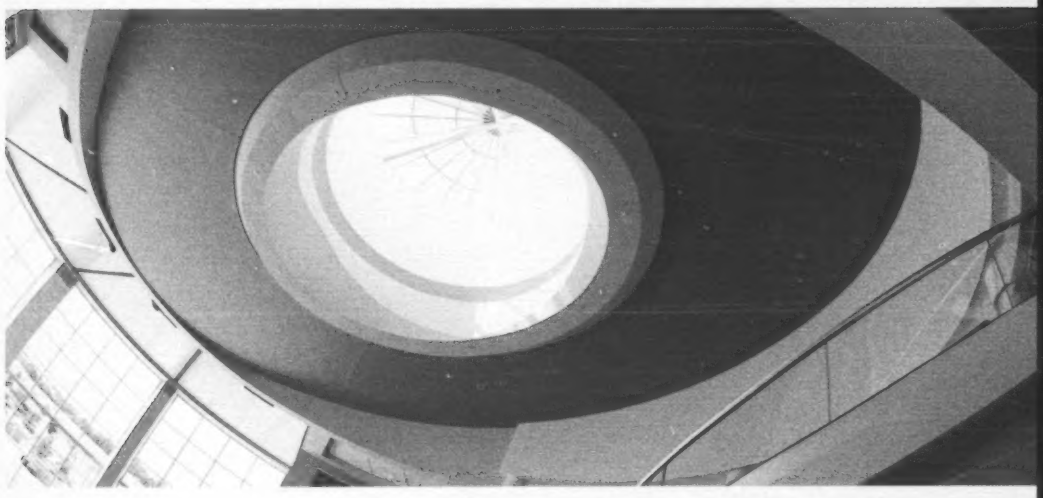
Stakeholders

To enhance innovation and partnerships thereby allowing engagement of stakeholders to achieve their goals and objectives. SOCO recognizes our key stakeholders include: tenants, post-secondary education institutions, industry associations, business communities, government and our employees.

Support from Ownership

6 Percentage of general public aware of and have a positive opinion of Innovation Place	
2013 Actual	100%
2014 Target	98%
2014 Actual	**99%**
2015 Target	98%
2016	98%
2017	98%

As a Crown corporation, support from the people of the province is an important measure in determining whether the general public supports Innovation Place and believes we are meeting our mandate.



The skylight in the Rotunda of the Terrace building in Regina.

Client Satisfaction

7 Percentage of CEOs that would recommend Innovation Place to another organization	
2013 Actual	97.5%
2014 Target	98%
2014 Actual	**97%**
2015 Target	98%
2016	98%
2017	98%

To ensure Innovation Place meets customer growth challenges while maintaining high level of service quality and customer satisfaction, the corporation surveys tenant CEOs and asks them "Would you recommend Innovation Place to potential tenants?" to determine overall satisfaction.

The extent to which our tenants approve our strategies is key to future financial performance and is indirectly related to their own ability to grow and to support our growth through tenant referrals.

In 2014 Innovation Place organized and hosted 120 education, training, networking and health and wellness programs for our tenants.

The survey results show that over 97% of the CEOs would recommend Innovation Place to potential tenants. This high rating reflects both the quality of facilities and the quality of operations. Specific examples include the timeliness of maintenance response, the availability of specialized services on site, the specialized nature of the facilities and the active social environment.

The attractiveness of the physical environment and the park amenities also contribute to tenant satisfaction by assisting tenant's marketing and recruitment efforts.

Productive Workforce

8 Percentage of employees fully engaged in their work	
2013 Actual	85%
2014 Target	80%
2014 Actual	**81%**
2015 Target	80%
2016	80%
2017	80%

To ensure Innovation Place builds an effective workforce that is productive and provides service quality, management has invested in improving employee engagement.

An annual survey of employees conducted by AON Hewitt and the Queen's University School of Business determines the corporation's level of employee engagement and then ranks that level against small and medium sized companies across Canada.

The 2014 result of 81% puts Innovation Place, once again, on Canada's list of top 50 small and medium employers. This high engagement level is the result of the continued efforts of both management and employees.

In 2014, for the second year in a row, Innovation Place had zero lost time due to injury.

9 Average training days per employee	
2013 Actual	6.2
2014 Target	5
2014 Actual	**7**
2015 Target	3
2016	4
2017	5

To ensure Innovation Place builds an effective workforce that is productive and provides service quality, management places value in employee training. We dedicate an average number of days per employee to be invested in enhancing the knowledge and skills of our employees.

10 Percentage of employees agreeing that individual differences of gender, race, ethnicity, sexual orientation, religion or age do not affect the way people are treated at Innovation Place	
2013 Actual	91%
2014 Target	90%
2014 Actual	**88%**
2015 Target	90%
2016	90%
2017	90%

To ensure Innovation Place creates a culturally diverse and supportive work environment we measure the percentage of employees agreeing that Innovation Place supports human equity and related treatment of employees. We obtain our results from the annual employee engagement survey. Results show that 88% of employees strongly agree or agree with the statement "We have a work environment that is open and accepts individual differences (e.g. gender, race, ethnicity, sexual orientation, religion, age)."

The interior of a greenhouse in the L.F. Kristjanson Biotechnology Complex in Saskatoon.

Financial

Maintain profitability at a level that supports the success of our parks by prudently managing expenditures and enhancing revenues while providing superior value to our tenants.

Return on Investment

11 Cash return as a percentage of cost of assets	
2013 Actual	4.7%
2014 Target	4.8%
2014 Actual	**4.67%**
2015 Target	4.48%
2016	4.68%
2017	4.98%

Cash from operations represents the capital available to meet our mandate and our public purpose goal by funding future growth. Adequate cash from operations is also needed to maintain our assets and ensure the financial stability of our company.

Cash from operations as a percentage of the original cost of assets is used as the primary measurement of financial performance because it is not impacted by internal accounting or financing policies. It is also easily compared to other real estate companies. Cash from operations consists of earnings before interest and amortization. Interest expense is excluded from the calculation to expose the true cash generation potential of the assets.

The corporation's long term benchmark of 5% was recently increased from 3%. The last industry comparison, completed late in 2012, confirms Innovation Place performs within the range of the industry average range (4% to 9%) for companies its size.

The slight decrease in cash return is due to the reduction in net income in rental operations due to higher vacancy.

2 Research Drive in Regina is so energy efficient that heat captured from the people, computers and the heat pump cooling system provide enough heat the boilers don't need to be used to heat fresh air being brought in from outside until the outside temperature goes below -17°C.

12 Vacancy as a percentage of total space inventory	
2013 Actual	4.44%
2014 Target	5.8%
2014 Actual	**7.7%**
2015 Target	8.3%
2016	5.4%
2017	3.7%

Vacancy is a standard industry measure that allows for easy benchmarking. It provides us with valuable information beyond simple comparison. To meet our mandate we must maintain a certain level of vacancy so we are capable of reacting to opportunities. Rather than attempting to minimize vacancy we have the responsibility to properly manage vacancy to balance the need for inventory with the cost in lost revenue from vacant space.

Innovation Place has over 43,000 square feet of leasable greenhouse space.

Our vacancy levels provide us with the opportunity to expand existing tenants to meet their forecasted growth needs.

We expect the vacancy rates will continue to fluctuate during 2015. When space is held for tenants or under renovation, the vacancy levels can increase or decrease. The majority of vacant space is office and lab, with several negotiations underway. While the year end vacancy of 7.7% exceeds the target, the trend is consistent with the local real estate markets. Innovation Place's vacancy rates are actually lower than the most recent reports for both Saskatoon and Regina where vacancy levels are in excess of 11%.

Sustainable Financial Position

13 Debt as compared to equity	
2013 Actual	15.02%
2014 Target	16.02%
2014 Actual	**15.36%**
2015 Target	16.25%
2016	16.44%
2017	16.85%

To measure the financial sustainability of the company we monitor our debt to equity ratio. The ratio at December 31, 2014 is below the target for the year due to the high cash balance at year end.

Operating Efficiency

14 Corporate administration as a percentage of revenue	
2013 Actual	[Restated] 11.71%
2014 Target	12.30%
2014 Actual	**11.64%**
2015 Target	12.15%
2016	12.99%
2017	12.73%

In an effort to measure our administration costs against industry standards we compare our corporate administration costs against total revenue. This measure of operating efficiency is a standard industry ratio and allows easy comparison against both industry standards ranges and individual publicly traded companies.

The last industry comparison, completed late in 2012, confirms Innovation Place performs at the efficient end of the industry average range (4% to 31%) for companies its size.

Although total revenue was below budget for the year due to increased vacancy in the parks, reductions in administration expenses were realized through cost control measures and staffing decisions. The net result is a decrease in the percentage of 0.66% (reflecting a favourable variance of 5.4%).

Innovation Place has a plant and soil recycling program in our rental greenhouse complex. On average we recycle 36,000 pounds of material per year.

15 Building operating cash flow per square foot	
2013 Actual	$12.53
2014 Target	$12.24
2014 Actual	**$11.45**
2015 Target	$11.33
2016	$13.04
2017	$13.83

Building operating costs (utilities, taxes, insurance, maintenance and property management fees) are subtracted from total rental revenue. The remaining total is divided by the gross area of all Innovation Place buildings. The net dollar amount per square foot measures both the efficiency level of building operating costs and the success in revenue maximization. The measure can be compared to the local market where information is available; however, many landlords prefer not to share information on their net cash flow.

The decrease in cash flow per square foot in 2014 is the direct result of increased vacancy in the parks.

Innovation

SOCO will promote and utilize innovation practices to empower our stakeholders to stimulate high performing commercial successes.

Sustainability

16 Attain 'BOMA BESt' average points per building

2013 Actual	835
2014 Target	837
2014 Actual	**822**
2015 Target	817
2016	815
2017	815

97% of existing CEOs would recommend Innovation Place to other organizations.

The Building Owners and Managers Association (BOMA) is the dominant Canadian and international industry association for building owners. BOMA Canada has instituted a process by which the environmental impact of buildings can be measured and compared against the performance of buildings across Canada. BOMA BESt measures the sustainability of building operations including waste management, energy and water usage.

In 2013 BOMA Canada modified the BOMA BESt program methodology. Scoring is based on a number of different criteria with the major area being the utility usage for the building. The BOMA BESt program's point level for utility usage had the median level decreased effectively making it more difficult to get points in the past.

Six buildings in Saskatoon and Regina were recertified in 2014. Due to the changes in the benchmarking scales in the water and energy modules, the scores have decreased compared to the previous certification resulting in an overall decrease in the overall score to 822. All our certified buildings will have been assessed under the new criteria by the end of 2015. We anticipate a slight decrease in scores for 2015 as a result.

17 Building condition score	
2013 Actual	N/A
2014 Target	80
2014 Actual	**88**
2015 Target	85
2016	85
2017	85

The building condition score is a new measure adopted for 2014. The scoring system used was internally developed as a management tool to ensure all departments involved in the management of the buildings have a common understanding of condition and areas of priority. The model building score (2014 target) was determined by reviewing the various building elements and setting an acceptable standard for Innovation Place for each. The individual scores were then rolled up into the aggregate score of 80.

The average building score of the seven buildings assessed in 2013 and the 16 buildings assessed in 2014 is 88.16. With the benefit of this data, we have increased the model score target for 2015 to 85 out of a possible perfect score of 100.

The maintenance department at Innovation Place in Saskatoon completed over 5,600 service requests from tenants and preventive maintenance work orders in 2014.

FINANCIAL

Comparison of 2014 Results with 2013 Results ($millions)

	2014 Actual	2013 Actual	Change
Revenue	$39.4	$40.3	($0.9)
Expenses	(35.6)	(35.2)	0.4
Net Finance Expense	(1.4)	(1.7)	(0.3)
Net Loss From Discontinued Operations	(0.1)	(1.0)	(0.9)
Net Income	$2.3	$2.4	(0.1)
Total Assets	$191.1	$193.7	($2.6)
Total Debt	$36.7	$36.7	-
Net cash provided by operating activities	$10.4	$12.7	($2.3)
Total Capital Investment	$6.2	$5.5	$0.7
Dividends Paid	$1.4	$2.4	($1.0)
Equity Repayment	$2.0	-	$2.0

Overall net income for 2014 of $2.3 million is substantially unchanged from the $2.4 million reported for 2013.

The $0.9 million decrease in revenue from 2013 is the result of increased vacancy in the parks. Overall vacancy at the end of 2014 was 7.7% reflecting an increase of 3.3% when compared to the vacancy percentage at the end of the prior year. Although this is the highest vacancy level at Innovation Place in several years, it remains below the market vacancy levels in both Regina and Saskatoon.

The impact of increased vacancy on net income was offset by the transfer of Bio Processing operations to a third party on April 1, 2014. The net loss incurred in 2014 was $0.1 million, $0.9 million less than the amount incurred in 2013.

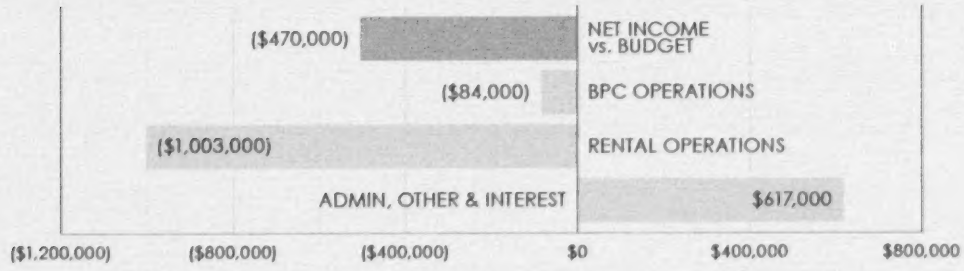
The $2.3 million decrease in net cash provided by operating activities is due to working capital adjustments. The legal issue with the City of Saskatoon that had been ongoing for several years was settled in 2014. The settlement of this issue, combined with a general decrease in other payables accounts for most of the change in working capital.

At the request of CIC, a $2.0 million equity repayment was made during the year. No such payment was made in the prior year.

Comparison of 2014 Results with 2014 Budget ($millions)

	2014 Actual	2014 Budget	Variance
Revenue	$39.4	$40.3	($0.9)
Expenses	(35.6)	(36.0)	(0.4)
Net Finance Expense	(1.4)	(1.5)	(0.1)
Net Loss From Discontinued Operations	(0.1)	-	0.1
Net Income	$2.3	$2.8	($0.5)
Total Assets	$191.1	$192.9	(1.8)
Total Debt	$36.7	$36.7	-
Net cash provided by operating activities	$10.4	$11.7	(1.3)
Total Capital Investment	$6.2	$8.5	(2.3)
Dividends Paid	$1.4	$2.4	(1.0)
Equity Repayment	$2.0	-	2.0

Annual to Budget Variance



The $2.3 million net income being reported is $0.5 lower than what was budgeted. This unfavourable variance is due to increased vacancy in the parks. Although an increase in vacancy for 2014 was anticipated during the budget process, the actual increase exceeded what was anticipated by 1.9%. The anticipated year end vacancy was 5.8%.

To offset the impact of increased vacancies on net income, management undertook a review of discretionary expenditures during the year which resulted in lower administration and other expenditures.

Total capital expenditures were $2.3 million below budget for the year. The variance is due to a combination of project timing and scope changes.

The $2.0 million equity repayment made during the year was not budgeted.

OUTLOOK

Comparison of 2015 Budget with 2014 Actual Results ($millions)

	2015 Budget	2014 Actual	Variance
Revenue	$44.5	$39.4	$5.1
Expenses	(35.9)	(35.6)	0.3
Net Finance Expense	(1.5)	(1.4)	0.1
Net Loss From Discontinued Operations	-	(0.1)	(0.1)
Net Income	$7.1	$2.3	$4.8
Total Assets	$182.9	$191.1	($8.2)
Total Debt	$36.7	$36.7	-
Net cash provided by operating activities	$13.0	$10.4	$2.6
Total Capital Investment	$7.5	$6.2	$1.3
Dividends Paid	$1.6	$1.4	$0.2
Equity Repayment	$13.5	$2.0	$11.5

SOCO is pursuing the sale of the Forest Centre building. Reflected in the $7.1 million total budgeted net income for 2015 is an expected gain on disposal of the Forest Centre building in Prince Albert of $5.5 million. Excluding this one-time item, net income for the year is budgeted at $1.6 million, reflecting a decrease of $0.7 million from the net income reported for 2014. The decrease is primarily due to higher vacancy in the parks. The current vacancy is expected to continue through to the end of 2015 and then start decreasing to more historical levels.

The $8.2 million decrease in total assets is primarily due to the expected sale of the Forest Centre building in Prince Albert.

The $7.5 million capital budget for 2015 reflects management's continued focus on maintaining current buildings and infrastructure, and the expected investment in tenant improvements associated with the leasing of vacant space. The capital plan does not include any new development.

The $13.5 million equity repayment budgeted reflects $11.5 of net proceeds from the sale of the Prince Albert building, and an additional $2.0 million, being paid to CIC in 2015.

RISK

Innovation Place is in compliance with Crown Investments Corporation's Risk Management Minimum Standards Policy. The corporation has a Risk Management Framework which outlines its risk policy, stakeholders, principles and processes. Innovation Place has implemented a system to assist management with risk identification, assessment, documentation and reporting. Senior management has been trained on the concepts and components of the risk management system and the system has been updated to include corporate and departmental risks. Executive Committee and the SOCO Board of Directors receive regular updates and reporting as required.

Innovation Place considers risks as those factors that may inhibit the ability to meet the corporate mission as measured by the strategic objectives outlined in our Performance Management Plan.

The following legends are used to define the likelihood and impact related to each risk as identified in the table on the next page:

Likelihood

Management has defined the likelihood of a risk event occurring as low (less than 25% likelihood), medium (between 25% and 75% likelihood) and high (greater than 75% likelihood).

The Atrium building in Saskatoon.

Impact

Innovation Place has currently defined the impact of a risk event as follows:

Personal Property Damage or Liability	Minor	First aid treatment Loss of asset < $100K Temporary environmental effect
	Moderate	Serious Injury Loss of Asset(s) $100K to $1M Some environmental damage
	Severe	Death Loss of major asset > $1M Serious environmental damage
Operating cash flow, Cost, Schedule or Operations Effects	Minor	< $100K cost overruns < 3 months delay Schedule delays to minor projects
	Moderate	$100K to $250K cost overruns 3 to 6 months construction delay Disruption of program < 7 days
	Severe	> $250K cost overruns > 6 months delay Disruption of program > 7 days
Performance or Reputational Loss	Minor	Fails some tests Setback in building trust in client group Some unfavourable media attention
	Moderate	Fails inspection trials Some loss of client group trust Negative media attention
	Severe	Failure of acceptance Significant loss of groups trust Public outcry for resignation / policy change

Key Risk Factors Affecting Performance

Management has identified and discussed the top corporate risks with our Board of Directors.

The primary risk of the corporation is the risk of being unable, with a finite amount of space, to support the growth of existing tenants and the establishment of new tenants. Management has addressed this risk by reviewing all tenants from the perspective of their strategic importance to the core technology clusters in order to determine whether any space can be made available through the relocation of non-core tenants to other space within the cities. Management continues to evaluate potential new tenants according to their strategic fit in core technology clusters.

Closely associated with the primary risk is the risk of losing a significant tenant or several tenants in one industry which will negatively impact financial results, an industry cluster and / or the value for remaining tenants. As the likelihood and impact of this risk increases, it directly affects our ability to fulfill our mission and potentially decreases the value of the parks by eroding existing clusters. Management continues to work to rationalize existing space and tenants to support the most important tenants.

ACCOUNTABILITY AND CONTROLS

External Audit

The corporation's annual financial statements are audited by an independent auditor. The external auditor is appointed by Order In Council, with the appointment typically reviewed every five years. The current external auditor, Virtus Group LLP is in their second year of the five year term.

The Provincial Auditor Act gives the Provincial Auditor the responsibility, authority and independence to audit and publicly report on all government organizations. As such, the external auditor coordinates the involvement of the Provincial Auditor in the corporation's audit. The coordination of the audit is conducted in accordance with the recommendation of the Task Force on the Roles, Responsibilities and Duties of Auditors, which recommends various protocols.

Internal Audit

In June 2006, an internal audit function was established at Crown Investments Corporation to assist in providing an independent, objective view of the effectiveness of internal controls for Crown corporations who do not have the resources to support an internal audit department.

The internal audit employees are employed by Crown Investments Corporation and their offices are also located there. An Internal Audit Charter was presented to the Audit and Finance Committee and subsequently approved by the Board of Directors on August 27, 2008. The Charter outlines the purpose, authority, reporting structure and responsibilities of internal audit activity.

CORPORATE GOVERNANCE

BOARD OF DIRECTORS

as at March 31, 2015

Honourable Carol Skelton, PC

Chair

Carol Skelton was born in Biggar, Saskatchewan and is well respected for the service she has provided to Saskatchewan residents. After starting a career away from the farm she worked with Avon Canada and quickly became a top District Manager. She then worked as sales and account representative for several radio stations, where she focused on business development and account management. Carol then worked for the Canadian Red Cross Society as a Community Services Coordinator and then moved to Canadian Blood Services to work in rural community development. Carol was also a Senior Associate at Martin Charlton Communications until the end of 2014.

In 2000, Carol was elected as the Member of Parliament for Saskatoon-Rosetown-Biggar and re-elected twice after. She was the Deputy Leader in Opposition and in Government she was Minister of National Revenue, Minister of Western Economic Diversification and Political Minister for Saskatchewan – all at the same time. She was also a member of the Treasury Board, Operations Cabinet Committee, Social Affairs Cabinet Committee and the House of Commons Board of Internal Economy. While in office, Carol also devoted considerable attention to agricultural, aboriginal, public health and disability issues.

The Galleria building in Saskatoon.

In 2008, she chose not to seek re-election. She was appointed to the Security Intelligence Review Committee (SIRC) by the Federal Government but retired in the summer of 2012 from her position as Interim Chair of the committee.

In Saskatchewan, she has held Board positions with the Saskatchewan Research Council, the Health Minister's Advisory Committee on Alcohol, Drugs and Youth, the Saskatchewan Alcohol and Drug Abuse Commission, Tourism Saskatoon, Saskatoon City Hospital, The Child Welfare Review Panel and Information Services Corporation. In the spring of 2013, Carol was appointed Chair of Saskatchewan Opportunities Corporation.

She sits as a member of the Executive Cabinet for the Canadian Red Cross in Saskatchewan, was also a long-serving volunteer with the Canadian 4-H Council and is a strong supporter of the Canadian Cancer Society and Heart and Stroke Foundation.

With her husband Noel, they operated Skelton Farms for more than 45 years. Together they have three children and five grandchildren.

Mark Regier
Vice Chair and Chair, Audit & Finance Committee

Mark Regier has been with Saskatoon Prairieland Park Corporation for the past 23 years, 6 years as Controller and 17 years as Chief Executive Officer. He has received a Certified Fair Executive Designation from the International Association of Fairs & Exhibitions for his work in the fair industry. Mark is past President of the Canadian Association of Fairs & Exhibitions and past Chair of Tourism Saskatoon. He holds a Bachelor of Commerce degree from the University of Saskatchewan and is a Chartered Professional Accountant (CPA, CMA). Mark has successfully completed the Directors College accredited corporate director development program and holds a Chartered Director designation.

John Schmeiser
Chair, Human Resources & Governance Committee

John Schmeiser is the Chief Executive Officer of the Western Equipment Dealers Association, an international trade association that represents the interests of over one thousand farm, construction and outdoor power equipment dealers in western Canada and the southwestern United States. Schmeiser also serves as the Vice President of Canadian Government Affairs for the North American Equipment Dealers Association and as the Treasurer of the Canada Equipment Dealers Foundation. He is Past Chairman of the Board for IRON Solutions; a Tennessee based technology company, and Past President of the North American Equipment Association Executives. Schmeiser is a graduate of the University of Saskatchewan, the University of Arizona and Western Academy Broadcasting College. He successfully completed the Directors College accredited corporate director development program and holds a Chartered Director designation.

Bev Dubois

Bev Dubois is a successful Businesswoman and a graduate of the University of Saskatchewan. She is Vice President of Operations for Canadian Digital Network Ltd. (CDN) and Canadian Digital Signs Inc. Saskatchewan digital media companies which operates in Western Canada. Bev has served as CEO of the Meewasin Foundation, Manager of Investor Relations for the Saskatoon Regional Economic Development Authority as well as Marketing Manager for Ernest & Young Chartered Accountants.

Bev is a results-oriented community leader and advocate, with multiple years on various boards, and commissions helping organizations grow their profiles and achieve their goals. Bev is an experienced corporate board member with years of experience on local, provincial and national boards and commissions on topics ranging from justice to literacy to urban development. Bev has senior leadership experience in marketing, community relations, stakeholder relations, business development and lobbying. Currently Bev sits on the Saskatoon Airport Authority Board and is President-elect for the Saskatoon Rotary Club.

Bev was a nine year elected government official with an understanding of how government works at the civic level, as well as the provincial and federal levels. She was one of 4 Canadians invited to speak and represent Canada in Spain for a world conference on transportation. She also represented Canada and presented at the World Women's Congress in Ottawa.

Bev was the recipient of the Queen Elizabeth II Diamond Jubilee Medal, the 3rd medal for community service Bev has received over the years. Bev was born and raised in Saskatoon and has chosen to stay in Saskatoon and Saskatchewan to live, work and raise a family.

Shauna Fjaagesund

Shauna Fjaagesund is a self employed entrepreneur from southwest Saskatchewan. She recently finished her term as the President of the Swift Current & District Chamber of Commerce. Shauna owns and manages residential housing and commercial farmland properties and has prior experience as a financial consultant, small business owner and biotech laboratory worker. Shauna has successfully completed the Directors College accredited corporate director development program and holds a Chartered Director designation.

Alison Green

Alison has been a Director on the SOCO Board and member of the Audit & Finance Committee since March 2013. She is a Regina native, and completed her Bachelor of Administration degree and CMA designation through the University of Regina. She enjoys a career in finance, having worked in the energy sector, banking industry and as a tax specialist. Last year she started her own venture as a Mortgage Specialist, offering mortgage advice and products through Verico Crown Mortgage Services Inc.

In her volunteer life, Alison has been a Rotarian for over 17 years and worked on the Board of CNIB from 1998 to 2010, both on the Division Board and the National Board (2003-07). She is an Ambassador with the Regina Chamber of Commerce. Her favourite sports are football, golf and cycling. Alison is a long-time Roughrider season ticket holder and a member of the Wascana Golf & Country Club.

Julie Ann Wriston

Ms. Wriston is dedicated to creating a business environment that will attract opportunities to build sustainable growth and economic advancement for Métis and First Nations communities. A proud Métis woman from Saskatchewan, Julie Ann is a mother of two inspiring children. She majored in psychology at the University of Saskatchewan, and holds a Business Communications diploma with distinction from SIAST and is currently finishing her MBA.

Julie Ann Wriston is the former CEO of Pinehouse Business North, a Northern owned and operated company specializing in construction and labour services for the mining industry. The opportunity to restructure an operating company and work at the ground level to create wealth for a community was a second to none education in business development. Combined with Julie Ann's past experience at Westcap Management and the Métis Nation – Saskatchewan, she has gained valuable expertise in developing effective governance structures, strategic planning and information sharing and inclusion at the community level.

In the community, Julie Ann has served on the City of Saskatoon's Urban Aboriginal Grant Committee, the Saskatoon Chamber of Commerce Aboriginal Opportunities Committee and the Affinity Credit Union District Council. She has been a Board Member of the Saskatchewan Opportunities Corporation since 2013.

Stephanie Yong

Stephanie Yong is the Director of the W. Brett Wilson Centre for Entrepreneurial Excellence at the University of Saskatchewan, a university centre designed to help grow the next generation of entrepreneurs.

Originally from Saskatoon, Stephanie has both a Bachelor of Arts in Political Science and an MBA from the University of Saskatchewan. Stephanie has used her experience as a business strategist, an entrepreneur and a university lecturer to build her enterprise networks, stimulate awareness and recognition of the current entrepreneurial trends, and develop experiential programs to further enhance the entrepreneurship agenda. An entrepreneur herself, she currently works at the Wilson Centre, offering programs to help students create feasible and sustainable businesses. Stephanie is also a lecturer at the Edwards School of Business, with a strong focus on entrepreneurship and evaluation of business ventures.

In addition to serving on the board of the Saskatchewan Opportunities Corporation, Stephanie serves on a number of other boards and committees including the Saskatchewan Young Professionals and Entrepreneurs (SYPE), Startup Canada and the Kolo Project. Stephanie is committed to supporting the innovation and growth in the entrepreneurial sector of the economy.

Tanya Thome
Secretary to the Board of Directors

The Galleria building in Saskatoon.

CORPORATE OFFICERS

as at March 31, 2015

S.P. (Van) Isman

President and Chief Executive Officer

Van Isman holds a BA and an MBA from the University of Saskatchewan. Van worked in his family's business for fourteen years, during which time he also successfully started three other business ventures. In 1992, Van joined SIAST to develop an entrepreneurship initiative, and was subsequently assigned responsibility for all business programs delivered in Regina. In 1996, he joined Saskatchewan Economic Development and was appointed Executive Director responsible for small business, community economic development and co-operatives. In 2004, Van assumed the role of CEO of Wascana Centre Authority.

In late 2007, Van was recruited to rejoin Government as a Deputy Minister, initially responsible for the Ministry of Tourism, Parks, Culture and Sport, and subsequently for the Ministry of Municipal Affairs and the Office of the Provincial Secretary. In 2012, Van moved to Crown Investments Corporation as Vice President, Special Projects and was assigned to be the Interim President and CEO of SOCO in October 2013. He was appointed President and CEO of SOCO in March 2014.

Ken Loeppky

Vice President and Chief Operating Officer

Ken Loeppky has held the position of Vice President and Chief Operating Officer for Innovation Place since 2008. Ken joined Innovation Place in 2000 as the General Manager of the Regina park. Ken has held executive board of director roles in the past with provincial, national and international real estate associations and is actively involved with the Real Estate Institute of Canada (REIC) as the Chair of the Professional Standards Committee. Ken is a member on the Board of Directors and Treasurer for the Association of University Research Parks (AURP) Canada and has volunteered at many levels in the local community; currently his volunteer focus is on the Kidney Foundation of Saskatchewan.

Brent Sukenik

Chief Financial Officer and Acting Vice President

Brent Sukenik was appointed Chief Financial Officer and Acting Vice President, Innovation Place in October, 2014.

Brent joined Innovation Place in 2002 as the Corporate Comptroller. Prior to joining Innovation Place, Brent worked for PricewaterhouseCoopers as an Audit Manager. He holds a Bachelor of Administration designation from the University of Regina and is a Chartered Professional Accountant.

AUTHORITY

Saskatchewan Opportunities Corporation (SOCO or the Corporation) is a Crown corporation governed by *The Saskatchewan Opportunities Corporation Act*, and subject to the provisions of *The Crown Investments Corporation Act, 1993*. The Crown Investments Corporation (CIC) oversees and manages a governance framework for SOCO that provides strategic direction and performance management and financial reporting. SOCO conducts its business under the operating name of Innovation Place.

Through the Chair, who is an independent director, the SOCO Board of Directors is accountable to the Minister Responsible for SOCO. The Minister functions as the key communications link between SOCO, CIC, Cabinet, the Legislature and the public.

CORPORATE GOVERNANCE PRACTICES

Crown Investments Corporation Chairs Forum has requested that Saskatchewan Crown corporations use the Canadian Securities Administrators (CSA) Corporate Governance Guidelines and Governance Disclosure Rules to standardize the reporting and benchmarking of governance practices. The CSA guidelines have superseded the Toronto Stock Exchange guidelines previously used.

INDEPENDENCE

The matter of "independence from management" is based upon the definition set by the Canadian Securities Administrators (CSA) and utilized by publicly traded companies in the industry. None of the directors have worked with or for SOCO, or have direct material contracts or relationships with the Corporation, or have received remuneration from the Corporation in excess of the fees and compensation as directors and committee members or as directors of subsidiaries of the Corporation. While having no personal connections to SOCO, Stephanie Yong is employed by the University of Saskatchewan, which has a land lease with SOCO and at times is involved in other business arrangements with SOCO. Whenever issues concerning the University arise in Board meetings, this member declares her potential conflict and absents herself if the Board judges a conflict to exist.

In addition to an annual declaration of any conflicts of interest, each Board and Committee meeting has a standing agenda item to allow directors to declare any conflict of interests and an in-camera session is held without management present.

KEY ACCOUNTABILITIES

The Board has a written Terms of Reference* that outlines the Board's principal duties and responsibilities, including the responsibility to function as stewards of the Corporation and to oversee the management of the affairs and business of the Corporation.

The Board discharges its responsibilities by delegation to management and through committees of the Board. The Board focuses on the strategic leadership of the Corporation while day to day operations are delegated to management, who is then held accountable for the Corporation's performance.

The Board has two committees, the Audit and Finance Committee and the Human Resources and Governance Committee. Both committees have written Terms of Reference* and have access to outside professional advisors if necessary.

Audit and Finance Committee

Members:

Mark Regier, Chair
Stephanie Yong
Alison Green
Bev Dubois
Carol Skelton (ex-officio)

The Audit and Finance Committee is responsible for ensuring the adequacy and effectiveness of financial reporting by reviewing and recommending approval by the Board of all policies and procedures regarding SOCO's financial reporting, internal accounting, internal controls, management information, risk management and the internal and external audit.

Human Resources and Governance Committee

Members:

John Schmeiser, Chair
Shauna Fjaagesund
Julie Ann Wriston
Carol Skelton (ex-officio)

The Human Resources and Governance Committee is responsible for overseeing SOCO's human resource and governance processes and the quality of its corporate governance and reporting to the Board. The Committee undertakes deliberative and policy work on behalf of the Board and recommends decisions on all aspects of governance to the Board, when these decisions exceed delegated authority levels of management.

BOARD APPOINTMENTS

The Lieutenant Governor in Council appoints members of the Board and designates the Chair. Directors are appointed for a fixed term and their appointments can be renewed at expiry. Appointments are governed by the CIC Board of Directors Appointment Policy, which ensures adherence to the principles of objectivity, inclusivity, transparency and consistency.

The Board, through the Human Resources and Governance Committee, annually reviews the composition and skill sets of directors to maintain an appropriate mix of expertise, experience and diversity on the Board to support the strategic direction of the Corporation.

CONFLICT OF INTEREST / CODE OF CONDUCT

Board members must comply with the CIC Directors' Code of Conduct** that was developed by CIC and applies to the directors of all its subsidiary Crown boards.

Officers and employees of the Corporation must comply with SOCO's Code of Conduct, which includes a conflict of interest and a whistleblower policy. All employees, including Corporate Officers, are required to annually sign a declaration of compliance with key policy and procedure guidelines.

ORIENTATION AND CONTINUING EDUCATION

Management provides comprehensive reference material to each Board member and provides new members with an orientation session detailing the nature of SOCO's business. Management provides the directors with information sessions on technical aspects of the Corporation's business. The Board also participates in annual strategic planning sessions.

CIC provides annual professional development opportunities for directors of CIC subsidiary Crown boards, which focuses on the key roles and responsibilities of boards and best practices in corporate governance.

* The following documents are available on the SOCO website at www.soco.sk.ca: Board of Directors Terms of Reference, Human Resources and Governance Committee Terms of Reference and Audit and Finance Committee Terms of Reference

** A copy of the Directors' Code of Conduct can be obtained by contacting Crown Investments Corporation

BOARD OF DIRECTORS MEETINGS

There were four Board meetings held in 2014. Documentation and information for discussion and decisions at the meetings is provided by Management to the Board at least seven days in advance of each meeting.

Attendance

	Board of Directors Meeting Dates			
Director	**March 3**	**May 14**	**August 27**	**November 3**
Carol Skelton, Chair	●	●	●	●
Mark Regier	●	●	●	●
John Schmeiser	●	●	●	●
Bev Dubois	●	●	●	●
Shauna Fjaagesund	●	●	●	●
Alison Green	●	●	●	●
Julie Ann Wriston		●	●	●
Stephanie Yong	●	●	●	●

BOARD OF DIRECTORS TENURE AND REMUNERATION

Director	**Position**	**Tenure**	**Remuneration Paid as of December 31, 2014**
Carol Skelton	Chair	January 1 to December 31, 2014	$ 22,925
Mark Regier	Vice Chair	January 1 to December 31, 2014	17,900
John Schmeiser	Member	January 1 to December 31, 2014	17,625
Bev Dubois	Member	January 1 to December 31, 2014	19,850
Shauna Fjaagesund	Member	January 1 to December 31, 2014	14,975
Alison Green	Member	January 1 to December 31, 2014	19,850
Julie Ann Wriston	Member	January 1 to December 31, 2014	16,275
Stephanie Yong	Member	January 1 to December 31, 2014	15,950
		2014 Total:	**$ 145,350**

The Remuneration Schedule and Expense Guidelines for the Board of Directors are approved by the Crown Investments Corporation Board (effective January 1, 2013) and set out as follows:

$20,000	Annual	Board Chair Retainer
$14,000	Annual	Board Member Retainer
$2,600	Annual	Audit and Finance Committee Chair Retainer
$2,000	Annual	Human Resource and Governance Committee Chair Retainer
$650	Full Day	Committee Meeting Fee
$325	Half Day	Committee Meeting Fee

MANAGEMENT REMUNERATION

The Corporate Officers are compensated in accordance with CIC's Crown Executive Compensation Policy, Procedures and Guidelines.

The Crown sector is committed to a "total compensation" perspective, which includes a base salary, benefits and pension, and a short term incentive program. The short term incentive payments are based on a combination of corporate objectives and personal objectives. The corporate objectives are approved by the Board of Directors and represent 75% of the available incentive payments for Vice Presidents and 85% for the President.

In 2014 the total compensation paid to the Corporate Officers was $792,084. The amount includes severance paid to the former President and CEO.

The Petroleum Research Technology Centre in Regina.

Section Four

MANAGEMENT'S RESPONSIBILITY AND CERTIFICATION

The preparation and presentation of the accompanying consolidated financial statements of Saskatchewan Opportunities Corporation are the responsibility of and have been prepared by corporate management in accordance with International Financial Reporting Standards. These consolidated financial statements necessarily include amounts based on informed judgment and management's estimates. Financial information presented elsewhere in this annual report is consistent with that in the financial statements.

Management is also responsible for establishing and maintaining adequate internal control over financial reporting and has assessed the effectiveness of those controls as of December 31, 2014. Based on this evaluation management concludes the following:

I, Van Isman, the Chief Executive Officer of Saskatchewan Opportunities Corporation, and I, Brent Sukenik, the Chief Financial Officer and Acting Vice President of Saskatchewan Opportunities Corporation, certify:

- that we have reviewed the financial statements included in the Annual Report of Saskatchewan Opportunities Corporation. Based on our knowledge, having exercised reasonable diligence, the financial statements included in the Annual Report, fairly present, in all material respects the financial position, results of operations and cash flows, as of December 31, 2014;
- that based on our knowledge, having exercised reasonable diligence, the financial statements included in the Annual Report of Saskatchewan Opportunities Corporation do not contain any untrue statements of material fact, or omit to state a material fact that is either required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made;
- that Saskatchewan Opportunities Corporation is responsible for establishing and maintaining effective internal control over financial reporting, which includes safeguarding of assets and compliance with applicable legislative authorities; and Saskatchewan Opportunities Corporation has designed internal controls over financial reporting that are appropriate to the circumstances of Saskatchewan Opportunities Corporation; and
- that Saskatchewan Opportunities Corporation conducted its assessment of the effectiveness of the Corporation's internal controls over financial reporting and, based on the results of this assessment, Saskatchewan Opportunities Corporation can provide reasonable assurance that internal controls over financial reporting as of December 31, 2014 were operating effectively and no material weaknesses were found in the design or operation of the internal controls over financial reporting.

The Corporation's independent auditor, Virtus Group LLP, have been appointed external auditor by Lieutenant Governor in Council and approved by Crown Investments Corporation of Saskatchewan. Virtus Group LLP has examined the financial statements of Saskatchewan Opportunities Corporation. The scope of their examination and their opinion on whether these financial statements present fairly the financial position and operating results of Saskatchewan Opportunities Corporation are given in their Auditor's Report.

In an effort to discharge its statutory responsibilities which are outlined in *The Provincial Auditor Act*, the Provincial Auditor relies on the work of Virtus Group LLP. The Provincial Auditor and Virtus Group LLP work together at all stages of the audit. The Provincial Auditor is responsible to report to the Legislative Assembly an opinion on the effectiveness of internal controls, compliance with governing authorities and the reliability of the financial statements.

The Audit and Finance Committee, composed of members of the Board of Directors, meets periodically with the financial officers of the Corporation, the external auditor and the Provincial Auditor to discuss the audit plan, audit results and the opinion on the adequacy of the financial reporting, corresponding internal controls and compliance with governing authorities. Both Virtus Group LLP and the Provincial Auditor have the opportunity to meet with the Audit and Finance Committee without management present. The Audit and Finance Committee has reviewed these financial statements with management and the auditor. The Audit and Finance Committee recommended the Board approve these financial statements. The Board of Directors has reviewed and approved these financial statements.

S.P. (Van) Isman
President and Chief Executive Officer

Brent Sukenik
Chief Financial Officer and Acting Vice President

Section Five

INDEPENDENT AUDITORS' REPORT

To the Members of the Legislative Assembly, Province of Saskatchewan,

We have audited the accompanying consolidated financial statements of Saskatchewan Opportunities Corporation (operating as Innovation Place) and its subsidiary, which comprise the consolidated statement of financial position as at December 31, 2014, and the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Corporation's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Saskatchewan Opportunities Corporation and its subsidiary as at December 31, 2014 and their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Virtus Group LLP

Chartered Professional Accountants
March 3, 2015
Regina, Saskatchewan

Section Six

FINANCIAL REPORT

Numbers. Statements. Notes.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(in thousands)

	Note	Year ended December 31, 2014	Year ended December 31, 2013 As restated (note 23, 24)
REVENUE			
Rental		$ 39,168	$ 40,094
Other		233	204
		39,401	40,298
EXPENSES			
Administration		4,588	4,719
Rental operations		31,011	30,448
		35,599	35,167
RESULTS BEFORE THE FOLLOWING		3,802	5,131
Finance income	4	339	62
Finance expenses	4	(1,740)	(1,740)
NET FINANCE INCOME (EXPENSE)		(1,401)	(1,678)
Profit from continuing operations		2,401	3,453
Loss on discontinued operations	23	(89)	(1,015)
NET INCOME AND TOTAL COMPREHENSIVE INCOME		$ 2,312	$ 2,438

(see accompanying notes)

On behalf of the Board,

Carol Skelton
Board Chair

Mark Regier
Chair, Audit and Finance Committee

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in thousands)

	Note	At December 31, 2014	At December 31, 2013
ASSETS			
Current			
Cash and cash equivalents	5	$ 10,347	$ 11,312
Trade and other receivables	6	3,195	1,624
Inventory		159	203
Prepaid expenses		55	54
Assets held-for-sale	23	6,090	-
		19,846	13,193
Trade and other receivables	6	252	1,372
Property, plant and equipment	7	1,321	2,986
Investment property	8	166,401	173,128
Debt retirement fund	9	2,244	1,676
Other assets	10	1,016	1,303
		$ 191,080	$ 193,658
LIABILITIES AND PROVINCE'S EQUITY			
Current			
Trade and other payables	11	$ 3,637	$ 5,422
Dividends payable		535	-
Deferred revenue		877	538
		5,049	5,960
Long term debt	13	36,684	36,684
		41,733	42,644
PROVINCE OF SASKATCHEWAN'S EQUITY			
Retained earnings		30,660	30,327
Equity advances	14	118,687	120,687
		149,347	151,014
		$ 191,080	$ 193,658

(see accompanying notes)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(in thousands)

	Equity advances	Retained earnings	Total equity
BALANCE AT DECEMBER 31, 2012	$ 120,687	$ 29,565	$ 150,252
Net income and total comprehensive income	-	2,438	2,438
Dividends	-	(1,676)	(1,676)
BALANCE AT DECEMBER 31, 2013	120,687	30,327	151,014
Net income and total comprehensive income	-	2,312	2,312
Dividends	-	(1,979)	(1,979)
Equity repayment	(2,000)	-	(2,000)
BALANCE AT DECEMBER 31, 2014	$ 118,687	$ 30,660	$ 149,347

(see accompanying notes)

CONSOLIDATED STATEMENT OF CASH FLOWS

(in thousands)

	Note	Year ended December 31, 2014	Year ended December 31, 2013
OPERATING ACTIVITIES			
Net income		$ 2,312	$ 2,438
Non-cash adjustments:			
Amortization of property, plant and equipment		397	435
Amortization of investment property		7,854	7,515
Loss on disposal of property, plant and equipment		42	-
Finance income	4	(339)	(62)
Finance expense	4	1,740	1,740
		12,006	12,066
Working capital adjustments:			
Trade and other receivables		(222)	70
Inventory		44	(37)
Prepaid expenses		(1)	(11)
Trade and other payables		(1,785)	937
Deferred revenue		339	(337)
Cash provided by operating activities		10,381	12,688
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(254)	(588)
Purchase of investment property		(5,979)	(4,949)
Interest received		129	123
Change in other assets		287	(341)
Cash used in investing activities		(5,817)	(5,755)
FINANCING ACTIVITIES			
Debt retirement fund installments		(367)	(367)
Interest paid		(1,740)	(1,740)
Dividends paid		(1,422)	(2,439)
Equity repayment		(2,000)	-
Cash used in financing activities		(5,529)	(4,546)
NET CHANGE IN CASH AND CASH EQUIVALENTS DURING THE YEAR		(965)	2,387
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR		11,312	8,925
CASH AND CASH EQUIVALENTS, END OF YEAR		$ 10,347	$ 11,312

(see accompanying notes)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(in thousands)

1. General Information

Saskatchewan Opportunities Corporation (the "Corporation"), which operates under the brand name of Innovation Place, was incorporated under *The Saskatchewan Opportunities Corporation Act*, which was proclaimed and came into force in 1994. The Corporation is an agent of Her Majesty in Right of the Province of Saskatchewan and has been designated a subsidiary of Crown Investments Corporation (CIC), a provincial Crown corporation. The financial results of the Corporation are included in the consolidated financial statements of CIC. As a provincial Crown corporation, the Corporation is subject to neither federal nor provincial income tax.

The Corporation's mandate is to create, encourage and facilitate business opportunities in the Saskatchewan technology sector, primarily through the development and operation of research and development parks.

The Corporation's head office is located at 114 – 15 Innovation Boulevard in Saskatoon, Saskatchewan.

2. Basis of Preparation

a) Statement of compliance

These consolidated financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards (IFRS).

The consolidated statements were authorized for issue by the Board of Directors on March 3, 2015.

b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments designated as fair value through profit and loss which are measured at fair value.

c) Functional and presentation currency

These consolidated financial statements are presented in Canadian Dollars, which is the Corporation's functional currency. All financial information presented in Canadian dollars has been rounded to the nearest thousand.

d) Use of estimates and judgments

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Significant items subject to estimates and assumptions include the carrying amounts of property, plant and equipment, and investment property, and the underlying estimations of useful lives, capitalization of interest, disposal of long-lived assets, asset retirement obligations, and labour and directly attributable overhead; provision for unpaid claims; the carrying amounts of accounts receivable, inventory and investments.

Areas of judgments in applying accounting policies that have the most effect on the amounts recognized in the consolidated financial statements include the accounting for special purpose entities and the determination of cash generating units.

e) New standards and interpretations not yet adopted

IFRS 9, *Financial Instruments* was issued by the IASB on November 12, 2009 and will replace IAS 39, *Financial Instruments: Recognition and Measurement*. The standards are to be applied prospectively. The IASB has deferred finalization of IFRS 9 indefinitely, and therefore, an effective date is not known at this time.

3. Significant Accounting Policies

a) Basis of consolidation

These consolidated financial statements include the accounts of the Corporation and 212822 Saskatchewan Ltd. (operating as Boffins) with all significant inter-company transactions and balances, revenues and expenses being eliminated. Boffins provides food and event services at the research park in Saskatoon.

Separate audited financial statements are prepared annually for 212822 Saskatchewan Ltd.

b) Cash and cash equivalents

Cash and cash equivalents include cash at banks and on hand, and short-term investments with an original maturity of three months or less.

c) Inventory

Inventory consists of items held which will be used in the provision of services at the research parks and are valued using the weighted average cost method. Inventory items are charged to expense when utilized.

d) Property, plant and equipment

Property, plant and equipment are recorded at cost less accumulated amortization and any provisions for impairment. Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes materials, services, direct labour and directly attributable overheads. Assets under construction are recorded as in progress until they are operational and available for use, at which time they are transferred to property, plant and equipment.

The costs of maintenance, repairs, renewals or replacements which do not extend productive life are charged to operations as incurred. The costs of replacements and improvements which extend productive life are capitalized.

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Corporation and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

When property, plant and equipment are disposed of or retired, the related costs and accumulated amortization are eliminated from the accounts. Any resulting gains or losses are reflected in profit or loss.

e) Investment property

Properties held for rental purposes are classified as investment properties and are measured at cost using the same policies as for property, plant and equipment.

f) Amortization

Amortization is recognized on a straight-line basis over the estimated useful life of each component of property, plant and equipment and investment property. Amortization commences when the asset is ready for its intended use.

The useful life and depreciation method are reviewed periodically to ensure that the method and period of amortization are consistent with the expected pattern of economic benefit from these assets.

The estimated useful lives of major classes of property, plant and equipment are:

Administration	3 - 10 years
Furniture and equipment	3 - 10 years

The estimated useful lives of major classes of investment property are:

Buildings	20 – 80 years
Infrastructure	25 – 60 years
Furniture and equipment	3 – 10 years
Leasehold improvements	lease term

g) Impairment of assets

At each reporting date, the Corporation reviews the carrying amount of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent, if any, of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Corporation estimates the recoverable amount of the cash-generating unit to which the asset belongs. Cash generating units are the smallest group of assets that generates cash inflow from continuing use. Corporate assets are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the carrying amount of the asset (or cash generating unit) does not exceed the carrying amount that would have been determined, net of amortization, if no impairment loss had been recognized.

h) Revenue recognition

The Corporation uses the straight-line method of recognizing rental revenue whereby the total amount of contractual rent to be received from leases is accounted for on a straight-line basis over the term of the lease. Accordingly, deferred rent receivable is recorded for the difference between the straight-line rental revenue recorded and the contractual amount due from tenants.

With the exception of rental revenue, revenue is recognized as services are provided to customers, tenants and clients using the accrual basis of accounting when it is reliably measured and there is probability that the economic benefit will flow to the Corporation.

Amounts received in advance of contract terms are recorded as deferred revenue.

i) Provisions

Provisions for legal claims are recognized when the Corporation has a present legal or constructive obligation as a result of past event, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount on provisions is recognized in profit or loss as finance expense.

j) Financial instruments

The Corporation uses the following categories to classify its financial instruments: fair value through profit or loss, held-to-maturity, loans and receivables, available-for-sale, and other liabilities. All financial instruments are measured at fair value on initial recognition and are recorded on the consolidated statement of financial position. Financial assets and liabilities are offset and the net amount reported on the consolidated statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously. Transaction costs are included in the initial carrying amount of financial instruments except for those designated as fair value through profit or loss, in which case they are expensed as incurred. Measurement in subsequent periods depends on the classification of the financial instrument.

Fair value through profit or loss financial assets and liabilities are subsequently measured at fair value, with changes in fair value being recognized in the consolidated statement of comprehensive income. Available-for-sale financial assets are subsequently measured at fair value, with changes in fair value being recognized as other comprehensive income. Financial instruments classified as held-to-maturity, loans and receivables, and other liabilities are subsequently measured at amortized cost using the effective interest method, less any impairment.

As at December 31, 2014, the Corporation does not have any outstanding contracts or financial instruments with embedded derivatives that are required to be valued separately.

k) Fair value measurement

The methods and assumptions used to develop fair value measurements have been prioritized into three levels.

Level one – fair values are determined using inputs that are quoted prices (unadjusted) in active markets for identical assets or liabilities to which the Corporation has immediate access.

Level two – fair values are determined using inputs other than quoted prices included in level one that are observable for the asset or liability, either directly or indirectly.

Level three – fair values are determined based on inputs for the asset or liability that are not based on observable market data.

l) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of that asset. Other borrowing costs are expensed in the period incurred.

m) Employee benefits

All employees are members of the Capital Pension Plan, a defined contribution plan administered by CIC. The Corporation's financial obligation is limited to making regular contributions in proportion to employees' earnings. These contributions are charged to profit or loss when due.

Employee entitlements to annual leave are recognized as they are earned by the employees. An accrual, stated at current cost, is made for the estimated liability at year end.

4. Finance Income and Expense

Finance income consists of the following:

	2014	2013
Interest earned on bank balances	$ 129	$ 123
Interest income on accounts receivable	9	-
Interest earned on debt retirement fund	88	79
Change in fair value of debt retirement fund	113	(140)
	$ 339	$ 62

Finance expense consists of the following:

	2014	2013
Interest on long term debt	$ 1,740	$ 1,740
	$ 1,740	$ 1,740

5. Cash and Cash Equivalents

	At December 31, 2014	At December 31, 2013
Cash in bank and on hand	$ 10,347	$ 11,312
	$ 10,347	$ 11,312

Cash held in bank earns investment income based on a fixed percentage in relation to the floating bank prime rate.

6. Trade and Other Receivables

	At December 31, 2014	At December 31, 2013
Trade receivables, net of allowance	$ 2,422	$ 2,341
Accrued receivables	732	582
Work in progress	25	57
Other	268	16
	$ 3,447	$ 2,996
Current	$ 3,195	$ 1,624
Non-current	252	1,372
	$ 3,447	$ 2,996

Work in progress includes unbilled labour and materials for third party projects.

7. Property, Plant and Equipment

	Administration	Processing Facility	Furniture and Equipment	Total
COST				
BALANCE AT DECEMBER 31, 2012	$ 1,772	$ 2,144	$ 4,131	$ 8,047
Additions	9	(12)	518	515
BALANCE AT DECEMBER 31, 2013	1,781	2,132	4,649	8,562
Additions	28	-	226	254
Disposals	-	-	(1,174)	(1,174)
Transfer to investment property	-	(2,132)	-	(2,132)
Transfer to assets held-for-sale	-	-	(112)	(112)
BALANCE AT DECEMBER 31, 2014	1,809	-	3,589	5,398
ACCUMULATED AMORTIZATION AND IMPAIRMENT LOSSES				
BALANCE AT DECEMBER 31, 2012	1,684	834	2,696	5,214
Amortization	39	57	266	362
BALANCE AT DECEMBER 31, 2013	1,723	891	2,962	5,576
Amortization	33	14	350	397
Disposals	-	-	(890)	(890)
Transfer to investment property	-	(905)	-	(905)
Transfer to assets held-for-sale	-	-	(101)	(101)
BALANCE AT DECEMBER 31, 2014	1,756	-	2,321	4,077
CARRYING AMOUNTS				
Balance at December 31, 2013	$ 58	$ 1,241	$ 1,687	$ 2,986
Balance at December 31, 2014	$ 53	$ -	$ 1,268	$ 1,321

8. Investment Property

	Buildings	Land and Infrastructure	Leasehold Improvements	Construction in Progress	Total
COST					
BALANCE AT DECEMBER 31, 2012	$ 177,688	$ 60,475	$ 7,535	$ 1,589	$ 247,287
Additions	2,534	1,174	762	479	4,949
Disposals	(617)	(1)	(5)	-	(623)
BALANCE AT DECEMBER 31, 2013	179,605	61,648	8,292	2,068	251,613
Additions	1,601	2,310	2,503	(435)	5,979
Disposals	(253)	(16)	-	-	(269)
Transfer from property, plant and equipment	2,132	-	-	-	2,132
Transfer to assets held-for-sale	(6,915)	(1,647)	(318)	-	(8,880)
BALANCE AT DECEMBER 31, 2014	176,170	62,295	10,477	1,633	250,575
ACCUMULATED AMORTIZATION AND IMPAIRMENT					
BALANCE AT DECEMBER 31, 2012	50,405	14,502	5,995	691	71,593
Amortization	5,351	1,588	576	-	7,515
Disposals	(617)	(1)	(5)	-	(623)
BALANCE AT DECEMBER 31, 2013	55,139	16,089	6,566	691	78,485
Amortization	5,221	1,649	984	-	7,854
Disposals	(253)	(16)	-	-	(269)
Transfer from property, plant and equipment	905	-	-	-	905
Transfer to assets held-for-sale	(2,479)	(126)	(196)	-	(2,801)
BALANCE AT DECEMBER 31, 2014	58,533	17,596	7,354	691	84,174
CARRYING AMOUNTS					
Balance at December 31, 2013	$ 124,466	$ 45,559	$ 1,726	$ 1,377	$ 173,128
Balance at December 31, 2014	$ 117,637	$ 44,699	$ 3,123	$ 942	$ 166,401

The market value of investment property at December 31, 2014 was $313,700 (December 31, 2013 - $332,000). The market value is based on internally generated estimates on cash flows of individual properties using capitalization rates in the range of 7.0% to 10.0% applied based on property type and market characteristics which resulted in an overall weighted average cap rate of 7.2%.

The market value estimate is considered level 3 as the majority of inputs are not based on observable market data.

9. Debt Retirement Fund

BALANCE, DECEMBER 31, 2012	$	1,370
Installments		367
Earnings		79
Valuation adjustment		(140)
BALANCE, DECEMBER 31, 2013	$	1,676
Installments		367
Earnings		88
Valuation adjustment		113
BALANCE, DECEMBER 31, 2014	$	2,244

Under conditions attached to the long term debt issues, the Corporation is required to invest an amount equal to one percent of the original debt issue on an annual basis. The investment, in the form of a debt retirement fund, is administered by Saskatchewan's Ministry of Finance. As at December 31, 2014, scheduled debt retirement fund installments due in each of the next five years are as follows:

2015	$	367
2016		367
2017		367
2018		367
2019		367

10. Other Assets

	At December 31, 2014	At December 31, 2013
Deferred rent receivable	$ 720	$ 877
Leasing costs	296	426
	$ 1,016	$ 1,303

11. Trade and Other Payables

	At December 31, 2014	At December 31, 2013
Trade payables	$ 1,468	$ 1,805
Interest payable	632	632
Accrued liabilities and other	1,537	2,985
	$ 3,637	$ 5,422

12. Provisions

The legal issue with the City of Saskatoon relating to electrical consumption for one building at Innovation Place was settled during the year. There was no difference between the settlement amount and the year-end provision.

13. Long Term Debt

	At December 31, 2014	At December 31, 2013
Balance, beginning of year	$ 36,684	$ 36,684
Issues during the year	–	–
Repayments	–	–
Balance, end of year	$ 36,684	$ 36,684

The Corporation's long term debt balance consists of two CPP Investment Board debt issues with the Province of Saskatchewan.

Date of Issue	Date of Maturity	Effective Interest Rate (%)	Coupon Rate (%)	Outstanding Amount December 31, 2014
July 11, 2008	July 11, 2038	4.71	4.71	$ 23,684
May 3, 2010	May 3, 2040	4.80	4.80	13,000
				$ 36,684

There are no scheduled principal debt repayments due in the next five years.

14. Equity Advances

Prior to March 31, 2011, under an operating agreement with the Ministry of Energy and Resources (formerly the Ministry of Industry and Resources), the Corporation leased the majority of its assets from the Ministry of Energy and Resources for a nominal annual amount. Under the terms of this agreement, the Corporation had been assigned all rental revenue generated and was responsible for all costs associated with their operation.

On March 31, 2011, ownership of all of the assets previously leased from the Ministry of Energy and Resources was transferred to the Corporation through CIC. The transfer was accounted for at the book value of the assets being transferred and resulted in an equity advance from CIC in the amount of $120,687.

A $2,000 equity repayment was made to CIC during 2014.

15. Operating Leases

Operating leases relate to investment property owned by the Corporation. Operating leases generally have terms of one to five years.

Rental income earned from investment property is reported as rental income, and associated operating expenses as rental operations expense, in the consolidated statement of comprehensive income.

The future minimum lease payments under non-cancellable operating leases, at December 31, 2014, was as follows:

Within one year	$ 18,011
After one year but not more than five years	29,253
More than five years	3,209
	$ 50,473

16. Operating and Administration Expenses

Total operating and administration expenses, including discontinued operations (note 23) is as follows:

	2014	2013
Employee benefits	$ 10,338	$ 11,761
Utilities	5,122	4,336
Grants in lieu of property taxes	3,506	3,556
Amortization	8,252	7,950
Inventory consumed in the provision of services	653	886
Other	8,303	8,854
	$ 36,174	$ 37,343

17. Capital Management

The Corporation's capital management objective is to maintain financial viability by effectively managing cash from operations and its capital structure.

The Corporation's capital structure consists of notes payable, long term debt, retained earnings and equity advances.

The Corporation funds its capital requirements through internally generated funds, debt and equity advances. As a Crown corporation, the Corporation receives its debt from the Saskatchewan Ministry of Finance. By legislation, the Corporation cannot have more than $170 million of debt outstanding at any time. In addition, by Order-in-Council, the Corporation may only have $50 million of short-term notes outstanding at any time.

The Corporation monitors its capital structure on the basis of the debt ratio. The current long-term debt ratio target is 60%, which is consistent with the prior period. The ratio is calculated as follows:

	At December 31, 2014	At December 31, 2013
Long term debt	$ 36,684	$ 36,684
Cash available to repay debt	(9,591)	(9,988)
Total net debt	$ 27,093	$ 26,696
Retained earnings	$ 30,660	$ 30,327
Equity advances	118,687	120,687
Total equity	$ 149,347	$ 151,014
Debt ratio	15.36%	15.02%

Cash available to repay debt reflects cash and debt retirement funds, net of cash required for operations.

The Corporation complied with all externally imposed restrictions on its debt for the year ended December 31, 2014.

18. Commitments

The Corporation has several capital projects under construction. The estimated cost to complete projects under construction is approximately $1,900.

19. Financial Instruments

The following table presents the classification, carrying amounts and fair values of the Corporation's financial instruments.

		December 31, 2014		December 31, 2013	
	Classification	Carrying Amount	Fair Value	Carrying Amount	Fair Value
FINANCIAL ASSETS					
Cash and cash equivalents	FVTPL	$ 10,347	$ 10,347	$ 11,312	$ 11,312
Trade and other receivables	L&R	3,447	3,447	2,996	2,996
Debt retirement fund	FVTPL	2,244	2,244	1,676	1,676
FINANCIAL LIABILITIES					
Trade and other payables	OL	$ (3,637)	$ (3,637)	$ (5,422)	$ (5,422)
Dividends payable	OL	(535)	(535)	-	-
Long term debt	OL	(36,684)	(46,157)	(36,684)	(40,669)

FVTPL – fair value through profit or loss L&R – loans and receivables OL – other liabilities

Fair values

The fair values of cash and cash equivalents, trade and other receivables, trade and other payables, notes payable and dividends payable approximate carrying value due to their immediate or short-term nature.

Debt retirement funds are valued at the closing period-end unit prices received from the Saskatchewan Ministry of Finance.

Long term debt is valued at the present value of future cash flows discounted at the market rate of interest for the equivalent Province of Saskatchewan debt instruments.

Fair value hierarchy

Fair value for cash and cash equivalents and the debt retirement fund are recognized in the consolidated statement of financial position. Cash, by its nature, is classified as level one. The debt retirement fund is classified as level two.

20. Financial Risk Management

a) Credit risk

Credit risk is the risk of an unexpected loss if a client or third party to a financial instrument fails to meet its contractual obligations.

The maximum credit exposure is limited to the carrying amount of cash and cash equivalents, trade and other receivables and the debt retirement fund.

Cash and cash equivalents are maintained with high-credit quality financial institutions and management considers the risk of non-performance to be minimal.

Although the Corporation's policy to promote economic development leads to accepting some tenants that have higher credit risk, potential losses are mitigated by the fact that no one tenant occupies more than 10% of rentable space. The Corporation also has established policies and procedures to assess the potential risk prior to extending credit to any client. The following reflects an aging summary of the Corporation's accounts receivable:

	At December 31, 2014	At December 31, 2013
Current	$ 1,310	$ 1,041
31 – 60 days	224	245
61 – 90 days	68	206
Over 90 days	2,533	1,944
	4,135	3,436
Allowance	(688)	(440)
Trade and other receivables	$ 3,447	$ 2,996

Provisions for credit losses are maintained and regularly reviewed by management. Credit losses are estimated based on an account by account review. Amounts are written off only after reasonable collection efforts have been exhausted. Details of the allowance are as follows:

	At December 31, 2014	At December 31, 2013
Allowance for doubtful accounts, beginning of year	$ 440	$ 731
Provision	255	69
Write-offs, net of recoveries	(7)	(360)
Allowance for doubtful accounts, end of year	$ 688	$ 440

Debt retirement funds are on deposit with Government of Saskatchewan's General Revenue Fund. The investment strategy is determined by the Ministry of Finance. At December 31, 2014, the debt retirement fund consists mostly of Provincial government and Federal government bonds with varying maturities and are managed based on maturity profile and market conditions. Accordingly the related credit risk associated with these investments is considered low.

b) Interest rate risk

Interest rate risk is the risk of financial loss resulting from changes in market interest rates. The Corporation is exposed to interest rate risk on the maturity of its notes payable. Interest rate risk is managed through converting notes payable to long term debt with fixed interest rates. There were no outstanding short term debt instruments at December 31, 2014.

The Corporation is also exposed to interest rate risk on its cash balances as the rate of return fluctuates with prime interest rates. The impact of fluctuations in prime interest rates is not considered significant to the Corporation.

c) Liquidity risk

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they fall due. The Corporation's cash resources are managed based on financial forecasts and anticipated cash flows.

The following summarizes the contractual maturities of the Corporation's financial liabilities at December 31, 2014:

	6 Months or Less	7 to 12 Months	1 to 2 Years	3 to 5 Years	More than 5 Years
Trade and other payables	$ 3,637	$ -	$ -	$ -	$ -
Dividends payable	535	-	-	-	-
Long term debt	870	870	1,740	5,218	70,671
	$ 5,042	$ 870	$ 1,740	$ 5,218	$ 70,671

Contractual cash flows for long term debt include principal and interest payments but exclude debt retirement fund installments.

d) Market risk

Market risk is the risk that the value of an investment will decrease due to moves in market factors.

The Corporation is exposed to market risk primarily through the debt retirement fund. Fair value adjustments will fluctuate based on changes in market prices. Fair value adjustments similar to those experienced up to December 31, 2014 would not have a material impact on net income.

21. Related Party Transactions

Included in these financial statements are transactions with various Saskatchewan Crown corporations, universities, ministries, agencies, boards and commissions related to the Corporation by virtue of common control by the Government of Saskatchewan. Non-Crown corporations and enterprises subject to joint control and significant influence by the Government of Saskatchewan are also considered related parties.

Routine operating transactions with related parties are settled at agreed upon amounts under normal trade terms. Total rental revenue from related parties in 2014 was $14,842 (2013 - $15,653).

The Corporation pays Provincial Sales Tax to the Ministry of Finance on all its taxable purchases. Taxes paid are recorded as part of the cost of those purchases.

Compensation of key management personnel

Key management personnel includes the Board of Directors, Executive Directors, and Corporate Officers. The compensation paid to key management personnel is shown below:

	Year ended December 31, 2014	Year ended December 31, 2013
Salaries, wages and short-term employee benefits	$ 1,544	$ 1,413
Post-employment benefits	63	71
	$ 1,607	$ 1 484

22. Pension Plan

Pension expense, consisting of corporate contributions made in proportion to employees' earnings, for the year ended December 31, 2014 was $538 ($578 for the year ended December 31, 2013).

23. Discontinued Operations and Assets Held-for-Sale

Effective April 1, 2014, the Corporation entered into an agreement with a third party that resulted in the transfer of Bio Processing operations to that party. As part of the agreement, all processing equipment and inventory was sold to the third party. The Corporation retained ownership of the building housing the processing facility which was leased to the third party through a long-term lease arrangement.

The results of discontinued operations are as follows:

	Year ended December 31, 2014	Year ended December 31, 2013
Bio Processing revenue	$ 487	$ 1,161
Administration salaries and expenses	(89)	(383)
Bio Processing operating expenses	(487)	(1,793)
Net loss from discontinued operations	$ (89)	$ (1,015)

The consolidated statement of cash flows includes the following amounts relating to discontinued operations:

	Year ended December 31, 2014	Year ended December 31, 2013
Cash used in operating activities	$ (55)	$ (880)
Cash used in investing activities	-	(27)
Net cash used in discontinued operations	$ (55)	$ (907)

Assets Held-for-Sale

At the end of 2014, the Corporation committed to a plan to sell the building located in Prince Albert within the next 12 month period. Accordingly, these assets have been classified as assets held-for-sale. These assets are measured at carrying value, which is lower than fair value less cost to sell, and are no longer depreciated.

24. Comparative Figures

Certain of the prior year figures have been reclassified to conform to the presentation adopted in the current year.

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